GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:4001
ANSWERED ON:09.12.2016
Non-functional Companies
Verma Smt. Rekha Arun

Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether the number of non-functional companies has increased in the country including Uttar Pradesh;

(b) if so, the details thereof and the reasons therefor, for the last three years and during current year, Year/State/UT-wise;

(c) whether there is any scheme/provision for easy exit of these non-functional companies from the ROCs; and

(d) if so, the details along with the companies which have exited from ROCs thereof, Year/State/UT-wise?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS (SHRI ARJUN RAM MEGHWAL)
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(a)&(b) Companies Act does not define Non-functional Companies. Section 455 of Companies Act 2013 defines 'inactive company' as a company which has not been carrying on any business or operation,
Contndâ€¦ P.2/-

or has not made any significant accounting transaction during the last two financial years, or has not filed financial statements and annual returns during the last two financial years. State/UT-wise number of inactive companies for the last three years and current year is at Annexure-I

(c) & (d):- Section 560 of the Companies Act, 1956 (corresponding provision in Companies Act, 2013 is Section 248, which is not yet notified) provides for striking off the names of those companies which have not been carrying on business or not in operation, if the Registrar of Companies has a reason to believe so, after following prescribed procedure. During June 2011, the Ministry had introduced a Fast Track Exit (FTE) mode for defunct companies to approach the Registrar of Companies from time to time for striking off their names, which is still continuing. The number of companies which have been struck off, including those which availed FTE mode during the years 2013-14, 2014-15, 2015-16 and (till 30.11.2016) are given in Annexure-II.
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